

## FTC Charges Company With Deceptive Use of SBA Trademark in Marketing to Small Businesses

The Federal Trade Commission has charged a purported Web cramming operation with billing small business owners for "free" internet services, failing to disclose terms of the sales agreements and billing some companies that had turned down the offer. Objections by the U.S. Small Business Administration to the use of its trademark by the company and complaints from consumers prompted the FTC investigation.

The FTC alleged that Epixtar Corporation and its subsidiaries – including one named SBA Online Inc. – violated federal law by deceptively marketing a free trial of Internet services, and then unfairly billing consumers' telephone accounts without their express informed consent, and without their knowledge. The FTC complaint names Epixtar Corp., Liberty Online Services Inc., National Online Services Inc., B2B Advantage Inc. (formerly known as SBA Online Inc.), and William Douglas Rhodes, president of the companies. The companies are based in Miami, Fla.

Cramming refers to the practice of billing businesses for services that were never authorized and have little value. The bogus charges usually appear on businesses' telephone bills.

The SBA had warned small businesses across the country in March about a company calling itself "SBA Online" after receiving a number of complaints from members of the public advising that representatives of the company were contacting their businesses seeking to interest them in purchasing certain commercial services allegedly offered by their organization, or in paying to become members of "SBA." The complaints said callers frequently sought confidential financial or personal data, and solicited fees for services or membership.

The public should also note that the SBA neither solicits membership fees nor contacts businesses to obtain sensitive information about small businesses or individuals unless it is part of a particular matter pending before the agency, such as a loan application.

For information about the FTC case, visit [www.ftc.gov/opa/2003/11/epixtar.htm](http://www.ftc.gov/opa/2003/11/epixtar.htm).



William Sanchez accepts the 2003 RI SBA Minority Small Business Person of the Year Award. Presenting the award, from left, MED Week Co-chairs Juana Horton, Jim Vincent, Sanchez, Cheryl Mills, SBA Associate Deputy Administrator for Entrepreneurial Development, Regional Administrator Jeffrey Butland, and District Director Mark S. Hayward.

## Rhode Island Celebrates Minority Enterprise Development Week

The 2003 Rhode Island Minority Enterprise Development Week celebration was held December 1-5. MED Week activities included a matchmaking conference, e-commerce workshop, and a business leaders breakfast.

A business expo, networking reception, and a sold-out awards dinner were held at Rhodes-on-the-Pawtuxet in Cranston.

This year's MED Week celebration was co-sponsored by SBA and the Rhode Island Hispanic American Chamber of Commerce.

William Sanchez, President of William's Financial Services, Inc., in Central Falls, was

honored as the 2003 SBA Rhode Island Minority Small Business Person of the Year.

The Rhode Island District Office presented the District Director's Special Achievement Award to Judith Cadigan-Parisi of Citizens Bank for her continued commitment to the state's minority small business community.

The District Director's Community Commitment Award was presented to Jaime Aguayo, former SBA Business Information Center Manager, and now the President and CEO of Cumbre Communications. Aguayo's company operates SuperMax 990, a

*Continued on Page 2*

**MED Week** *(continued from Page 1)*

Spanish-language radio station in Providence. He was honored for his many years of technical assistance and counseling to the minority small business community across the state.

Awards were also presented to minority small business owners and advocates by the Rhode Island Hispanic American Chamber of Commerce, The Ocean State Business Forum, State of Rhode Island, and the Rhode Island Housing and Mortgage Finance Corporation.

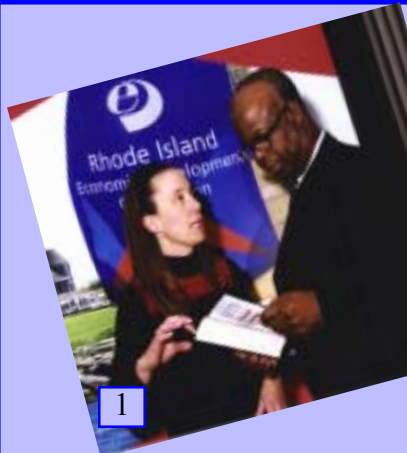
Cheryl A. Mills, SBA Associate Administrator for Entrepreneurial Development was the awards dinner keynote speaker.

More than 100 small business owners attended the Matchmaking Conference earlier in the day at Rhodes-on-the-Pawtuxet. Business owners were given the opportunity to meet with federal, state, and local contracting officers, and representatives of prime contractors. The conference was co-hosted by SBA and the Rhode Island Economic Development Corporation's Procurement Technical Assistance Center.

The Verizon-Bryant College Telecommunications Center at Bryant College hosted Powering Up Your Internet Presence, a two-hour workshop on the best practices for planning, upgrading, and maintaining a Web site.

The Business Leaders' Breakfast included more than 50 minority small business owners and advocates who discussed a variety of issues affecting the business community. Affordable health insurance dominated the discussion, and association health plans were mentioned as a way for small businesses to pool their funds with trade or industry groups to lower the cost of health insurance for their employees.

## Rhode Island Minority Enterprise Development Week



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Photos by  
**Norm Deragon**  
SBA Public Information Officer  
and **Jean Duffy**



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## ON THE AIR!!



SBA Associate Administrator Cheryl Mills and SBA Regional Administrator Jeffrey Butland on the Arlene Violet Show on WHJJ Radio

Cheryl Mills discusses association health plans with Frank Coletta on Channel 10's Sunrise Program



(1) Gina Johnson explains services offered by the Procurement Technical Assistance Center. (2) William Sanchez delivers remarks after receiving his award. (3) Rhode Island Congressman James Langevin chats with MED Week expo attendees. (4) IRS Tax Specialist Mary Marcotte discusses a tax issue during the expo. (5) SBA Associate Administrator Cheryl Mills meets Rhode Island Senator Jack Reed prior to the MED Week Awards Dinner. (6) Several attendees of the MED Week Business Leaders' Breakfast discuss rising health insurance costs.



As we begin this New Year the Rhode Island District Office will face many changes. First, we want to congratulate and thank **Patricia O'Rourke** for service to her country and state. During the past 28 years she has dedicated herself to helping entrepreneurs succeed. For the last three, Pat served as the District Office Team Leader for Marketing and Outreach.

She was tireless in organizing seminars and conferences that were specific in helping guide

our small business owners. Pat was also a very integral part of the Rhode Island Salute to Small Business and the annual Minority Small Business Awards events.

Pat was the driving force behind the establishment of the PowerUp! Program. She worked diligently on developing programs for women-owned businesses. Because of her efforts we were successful in convincing the Center for Women & Enterprise to establish a program here in Rhode Island and to continue the PowerUp! Program. We wish Pat the best as she returns to the ranks of small business owners.

The District Office will also be part of workforce transformation efforts. As such, we will be shipping our liquidation portfolio to the new Liquidation Center at Herndon, Virginia. With this change, we will lose two additional long term employees. They will be mentioned and featured in our next issue.

Change is in the wind and our efforts to streamline and become more responsive will continue. In the meantime, we are seeing a dramatic increase in our 7(a) lending and expect that this increase will be sustaining.

I look forward to working with each of you in the coming year.

## Patricia O'Rourke Retires From SBA District Office

Congratulations to Pat O'Rourke, who retired from the Federal Government on January 3, 2004, after 28 years of public service.

Pat began her federal career as a case aide to former Rhode Island Congressman Edward P. Beard. She later worked for the Social Security Administration, and the Veterans Administration.

A former small business owner herself, Pat found her niche when she joined SBA in 1987.

While at SBA, she established and managed two Business Information Centers. She co-founded Power Up!, an entrepreneurial development program for women and participated in the business plan session.

She was the Project Officer for the SCORE chapter, SBDC and was SBA Grants Officer for the Center for Women & Enterprise.

In 2000, she was promoted to Team Leader for Marketing and Outreach.



Pat was a recipient of the YWCA Outstanding Woman in Public Service Award, a past State President of the Rhode Island Federation of Business and Professional Women and serves on the Board of Directors for the YWCA of Greater RI.

She was recently appointed director of the YWCA New England Region. She is a member of the Employer Support of the Guard and Reserve (ESGR) and a communicant of the Assumption Parish of Providence.

## CWE Names Henderson Client Service Manager

The Center for Women & Enterprise (CWE) has appointed Sixcia Henderson as Client Service Manager. Henderson will coordinate all one-on-one counseling, training workshops, and recruit and coordinate mentor programs at CWE.



Henderson has extensive experience working with business development, alumni development, and image development in both the public and private sectors. She has taught Spanish language and communication studies at the secondary and college levels.

She earned a Bachelor of Arts Degree at the University of Rhode Island and has studied at Harvard University and Schiller International University in Paris.



## SBA and DOD Integrate ProNet and CCR Databases

The Small Business Administration, the Department of Defense, the Office of Management and Budget, and the General Services Administration are taking steps to simplify the federal contracting process by creating an integrated database of small businesses that want to do business with the government.

The merging of the ProNet and Central Contractor Registration (CCR) databases will create one portal for entering and searching small business sources and will assist small businesses with marketing their goods and services to the federal government. The integration took place on January 1.

CCR has now assumed all of ProNet's search capabilities and functions and small businesses will no longer need to manually register in both ProNet and CCR. Registration in CCR is now a requirement for federal contracts.

Procuring agencies and contracting officers who relied on ProNet as the authoritative source for vendors that are certified in SBA's 8(a) Business Development Program, HUBZone Empowerment Contracting Program, and Small Disadvantaged Business Program, will now access this information through CCR. To conduct market research and confirm eligibility for SBA's procurement preference programs, users will go to the CCR Web site at [www.ccr.gov](http://www.ccr.gov) and click on the "Dynamic Small Business Search" button. All of the search options and information that existed in ProNet will now be found at the CCR Dynamic Small Business Search site.

Within SBA, ProNet will be superseded by the Small Business Source System, and internal database of businesses certified by SBA as participants in the 8(a), HUBZone, and SDB programs. Businesses will no longer have to self-certify as small businesses. The SBSS system will perform calculations necessary to determine whether companies are small, based on employment or revenue information entered in CCR. Firms will update their records on the CCR Update Web page and should follow the links and directions found there.

For more information about CCR, visit the CCR Web site. To learn more about SBA E-Gov activities, contact Ronald E. Miller, SBA Program Executive Officer for E-Gov at (202) 401-8214.

## Rule Change Will Allow More Small Businesses to Qualify for SBA Assistance

The Small Business Administration has increased its revenue-based size standard for small businesses in the facilities support services industry from \$6 million in average annual receipts to \$30 million.

The new standard will allow more companies to qualify for small business assistance and compete as a small business for federal contracts. It was published as a final rule in the *Federal Register* on October 15, 2003 and took effect on November 14, 2003. Under the new rule, the sub-category of base maintenance will also increase from \$23 million to \$30 million.

The change was the result of numerous requests from small businesses in the facilities support services industry. Representatives from these companies argued that an increase in size standards is warranted to reflect the size of federal contracts in this industry and that it would allow them to grow to a size which they can effectively compete with large businesses. Based on a review of these issues and data on the facilities support services industry, SBA concluded that a higher size standard for this industry is appropriate. SBA examined factors including average firm size, distribution of firms by size, start-up costs and industry competition.

SBA's size standards define whether a business entity qualifies as small and whether it is eligible for government programs and assistance reserved for small businesses, including some programs in other agencies. Under the new rule, more small businesses are eligible to apply for SBA's financing and loan programs as well as contracting and business development programs such as the 8(a) Business Development program, HUBZone Empowerment Contracting program and the small business set-asides.

Size standards are established separately for industry groups as defined by the North American Industry Classification System.

For additional information on the new size standard, visit SBA's Office of Size Standards Web page at [www.sba.gov/size](http://www.sba.gov/size), and click on "What's New."

## Entrepreneurs Expect Modest Startup Costs for Most New Ventures

Entrepreneurs project modest startup costs for most new ventures, according to a study released by the SBA Office of Advocacy. Solo entrepreneurs expect median startup costs of \$6,000, while the median cost expected by team ventures is \$20,000. More than 80 percent of the entrepreneurs studied expected to cover their startup costs without bank loans, although on average they had saved only \$2,000 towards that goal.

The study also showed that optimism about their business potential underlies the entrepreneurs' activities. On average, solo entrepreneurs believe they will have business income of \$90,000 in the fifth year of their venture, while team ventures expect an income of \$125,000 in the fifth year. The higher team venture projected income makes it more likely that such ventures will result in new job generation.

Expected Costs of Startup Ventures, conducted by Blade Consulting with funding from the Office of Advocacy, used data from more than 800 nascent entrepreneurs--individuals who are in the process of starting a business--gathered over a two-year period. The data is contained in the ongoing Panel Study of Entrepreneurial Dynamics (PSED), supported by the E.M. Kauffman Foundation.

For more information and the complete text of the report, visit the Advocacy Web site at [www.sba.gov/advo](http://www.sba.gov/advo).

Visit Our  
Website



[www.sba.gov/ri](http://www.sba.gov/ri)



District Director Mark S. Hayward, left, receives the Al Andrews Award from Warwick Mayor Scott Avedisian, right, and Chamber Chairman Jeffrey Johnson.

## Mark S. Hayward Honored by the Central RI Chamber

SBA Rhode Island District Director Mark S. Hayward has received the Al Andrews Community Achievement Award Service from the Central Rhode Island Chamber of Commerce.

The award is inspired by Al Andrews, a small business owner, and a Past-President of the Board of Directors for the Central Rhode Island Chamber. Al was a collaborative leader who touched many lives and was deeply dedicated to helping others.

In presenting the award to Hayward, Warwick Mayor Scott Avedisian said, "Beyond his outstanding and rewarding professional career Mark has chosen to dedicate his personal time to many worthwhile organizations including the Tomorrow Fund, the Ronald McDonald House, the Rhode Island Commodores and Border to Border for Megan & Friends. His long-term commitment to assisting entrepreneurs achieve their dreams exemplifies his commitment to strengthening business, and the economy of the State of Rhode Island. When we think of awarding the Al Andrews Award beyond all else we think of one thing, finding an individual that exemplifies the memory of Al and an individual that has already proven their personal commitment to making this world a better place as Al did."

## SBA and Labor Department Partnership to Support Entrepreneurship for People with Disabilities

SBA Administrator Hector V. Barreto and Labor Secretary Elaine L. Chao have signed a Strategic Alliance Memorandum designed to help people with disabilities pursue small business ownership and increase their employment opportunities in small businesses.

"The New Freedom Small Business Initiative" agreement is designed to assist adult workers in acquiring the skills and resources they need to successfully begin and operate a small business and to educate small business owners about hiring people with disabilities," said Administrator Barreto. "The initiative is meant to build the capacity of the workforce system to serve people with disabilities and support their entrepreneurship through economic development and coordination of small business activities among federal departments," Barreto added.

"This strategic alliance creates a new partnership that will benefit small businesses, people with disabilities and ultimately, our country as a whole," said Secretary Chao. "The timing for this initiative could not be better. More Americans, especially women, are launching themselves on the road to entrepreneurship than ever before. We want to ensure that people with disabilities have full access to this path to financial independence, which has proven so rewarding for so many American," Chao said.

Copies of the initiative are available by accessing [www.dol.gov/odep](http://www.dol.gov/odep), or [www.sba.gov](http://www.sba.gov).

## SBA Advocacy Report Details Jump in MicroBusiness Lending

The number of micro-business loans made by U.S. banks jumped by 45 percent in 2001-2002, according to a report by the SBA's Office of Advocacy. The study, Small Business and Micro Business Lending in the United States, 2002 Edition, indicates that the large increase in the number of micro-business loans under \$100,000 was primarily the result of promotion and use of small business credit cards. Small business lending as a whole showed only moderate increases over the period.

The report also analyzes bank lending patterns across the United States and across commercial bank sizes. It ranks banks based on their small- and micro- business-friendly lending.

The report is available at [www.sba.gov/advo](http://www.sba.gov/advo).



*Every Friday Morning, 9:00 – 11:00 a.m.*

### **Information Workshop for Starting a Small Business**

Central RI Chamber of Commerce  
Slade's Ferry Business Center  
3280 Post Road, Warwick, RI **FREE**  
Learn about the many free programs and services available from the Small Business Administration, find out how to create a winning business plan, and receive a tour of the Central RI Chamber/SBA Business Information Center. Seating is limited so pre-registration is required.

Register by calling **(401) 528-4561**, or online at **www.sba.gov/ri** and click on the **Online Seminar Registration** hot link.

*Monday, January 19, 2003 9-10 a.m..*

### **Introduction to Getting a Loan**

Center for Women & Enterprise  
55 Claverick St., Suite 102, Providence, RI  
CWE loan specialists will assist women entrepreneurs develop the appropriate financial statements and materials to apply for a loan. This workshop will help you get started.  
Fee: **FREE**

Register by calling CWE at **(401) 277-0800**.

*Monday, January 29, 2004 9 am- 12 noon*

### **Marketing on a Shoestring Budget**

Center for Women & Enterprise  
55 Claverick Street, Suite 102, Providence, RI  
Find out how to market your product, determine your target audience, and reach customers with the right message in the right media.  
Fee: **\$45**.

Register by calling CWE at **(401) 277-0800**.

***For an updated listing of  
workshops and small  
business events, visit the  
SBA Rhode Island District  
Office Web site:  
www.sba.gov/ri***

## **Registration Open for the Next PowerUp! Class**

The Center for Women & Enterprise (CWE) is now accepting applications for the twelfth PowerUp! class, scheduled to begin on Wednesday, February 18, 2004.

PowerUp! is a comprehensive 13-week course for aspiring women entrepreneurs to learn the "how-to" of starting, growing, and financing their small businesses. Classes are held every Wednesday evening from 6-9 p.m. at the CWE office, 55 Claverick Street, Suite 102, in Providence.

"PowerUp! not only provides women entrepreneurs with the training and resources they need to start or grow their business, but it also introduces them to a lifetime network of business mentors and advisors," said Carol Malysz, Director of CWE. "From writing a business plan to applying for a loan, this comprehensive course provides a roadmap to business success," Malysz added.

For more information about PowerUp!, contact Sixcia Henderson at CWE by calling **(401) 277-0800**, or by e-mail to [shenderson@cweonline.org](mailto:shenderson@cweonline.org).

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I need advice I can trust.**

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## **SBA and IRS to Conduct Workshop on Hiring Employees and Subcontractors**

The Small Business Administration and the Internal Revenue Service are hosting a free workshop for small business owners who want to learn about the rules about the hiring of employees and subcontractors.

The workshop will be held on Wednesday, January 21, 2004 from 9:00 a.m. to 1:00 p.m. at the East Providence Public Library, 41 Grove Avenue in East Providence, RI.

The SBA will present an overview of its many programs and services and explain *How to Obtain Financing For Your Small Business*.

Seating is limited so pre-registration is required. To register call the SBA at **(401) 528-4561**, or you may register online at the SBA Web site, **www.sba.gov/ri** and click on the **Online Seminar Registration** hot link.

## RHODE ISLAND SBA BANK RANK

*FY04 7(a) Approved Loan Volume by SBA Lenders and Number of Loans 10/1/03 to 12/31/03*

1. Citizens Bank of Rhode Island	222	\$7,312,000
2. BankRI	20	\$4,083,000
3. The Washington Trust Co.	18	\$3,449,000
4. Coastway Credit Union	15	\$3,617,000
5. First Federal Savings Bank	12	\$1,776,000
6. Sovereign Bank New England	11	\$1,090,000
7. Fleet Bank	10	\$1,205,000
8. Independence Bank	4	\$2,275,000
9. Capital One F.S.B.	3	\$75,000
10. Minority Investment Development Corp.	2	\$231,000
11. Freedom National Bank	2	\$170,000
12. UPS Capital Business Credit	1	\$290,000
13. Stearns Bank, N.A.	1	\$120,000
14. Home Loan and Investment Bank	1	\$60,000
15. Greenwood Credit Union	1	\$35,000
16. Bank North, N.A.	0	
17. Bank of Fall River	0	
18. Bank of Newport	0	
19. Bristol County Savings Bank	0	
20. Business Dev. Co. of Rhode Island	0	
21. Business Lenders LLC	0	
22. Business Loan Express	0	
23. Centreville Savings Bank	0	
24. CIT Small Business Lending	0	
25. Danvers Savings Bank	0	
26. Domestic Bank	0	
27. First Trade Union Bank	0	
28. G.E. Capital Small Business Finance Corp.	0	
29. Newport Federal Savings Bank	0	
30. Slade's Ferry Bancorp	0	
31. Wachovia SBA Lending, Inc.	0	

<b>Sub-Total:</b>	<b>323</b>	<b>\$25,303,000</b>
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### Ocean State Business Development Authority

*Ocean State Business Development Authority is a Certified Development Company licensed by SBA. The following lenders approved first mortgage financing on economic development projects, thereby facilitating the 504 loans listed below through 12/31/03.*

Lender	Number Loans	SBA Debenture	Total Project
Bristol County Savings Bank	2	\$666,000	\$1,605,000
Sovereign Bank	1	\$527,000	\$1,275,000
UPS Capital Business Credit	1	\$240,000	\$575,000
<b>Total 504 Loans</b>	<b>4</b>	<b>\$1,433,000</b>	<b>\$3,455,000</b>
<b>Total Loans</b>	<b>327</b>		<b>\$26,736,000</b>





**Rhode Island District Office**

380 Westminster Street, Room 511

Providence, Rhode Island 02903

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*News from the Rhode Island District Office*

**January 2004**

**District Director**

Mark S. Hayward

**Editor**

Normand T. Deragon

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**[www.sba.gov/ri](http://www.sba.gov/ri)**

**Best Wishes for a Prosperous 2004**

from the

**SBA Rhode Island District Office**

*Virginia Rich Frank Nan Mark Tom Allen Carol Marilyn Faith*